

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 TRSE-00 COME-00 CIAE-00 INR-10

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FM AMCONSUL NAPLES IT

TO SECSTATE WASHDC 3667

INFO AMEMBASSY ROME

UNCLAS NAPLES 912

E.O. 11652; N/A

TAGS: EFIN; IT

SUBJECT: ITALCOLD FINANCIAL PROBLEMS WITH GEPI

REF: ROME 9909; STATE 188448

1. SEPT. 25, COMMERCIAL OFFICER TELEPHONED ING. TRAMPOLINI, NEW MANAGER OF GEPI-RUN INDUSTRI TERMOTICNICA CAMPANA (ITC), TO CLARIFY POINTS RAISED BY ITALCOLD PRESIDENT HADDAD AND ATTORNEY (REFTEL) AND REITERATE OUR CONCERN THAT THIS AMERICAN-OWNED FIRM MIGHT BE FORCED INTO BANKRUPTCY. DURING LENGTHY CONVERSATION, TRAMPOLINI PRESENTED AND JUSTIFIED GEPI/ITC POSITION (SEE BELOW), FREQUENTLY CHECKING ANSWERS WITH ITC LAWYER AND OTHER MANAGEMENT PERSONNEL WHOM HE HAD CALLED INTO ROOM DURING CONVERSATION.

2. RENTAL PAYMENTS. TRAMPOLINI EXPLAINED THAT ITC HAD CONTINUED TO MAKE REGUALR RENTAL PAYMENTS BUT, AS RESULT OF JUDICIAL RULING, TO NAPLES TRIBUNAL, RATHER THAN TO ISVEIMER.

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3. AMOUNT CLAIMED DUE FROM ITC. TRAMPOLINI CATEGORICALLY DENIED THAT ITC HAS ANY DEBT TO ITALCOLD, AND REITERATED ITC POSITION THAT, AS PROVIDED UNDER CONTRACT, FIRM IS OBLIGATED TO PAY ITALCOLD ONLY FOR MATERIALS ACTUALLY USED, AND NOT FOR "OBSOLETE AND UNSERVICEABLE" MATERIALS IN WAREHOUSE. HE ALSO REPEATED ITC

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CLAIM THAT ITALCOLD STILL OWES FIRM MORE THAN DOLS 100,000 FOR

DAMAGED OR NON-EXISTENT REFRIGERATORS ON ORIGINAL INVENTORY,  
4. OBSTRUCTION OF SALES ATTEMPTS. THE ITC MANAGER DENIED EVEN MORE FORCEFULLY THAT THE FIRM HAD IN ANY WAY OBSTRUCTED HADDAD'S ATTEMPTS TO SELL THE FACILITY. RATHER, TRAMPOLINI STATED, ITC HAD DONE ALL POSSIBLE TO FACILITATE THE VISITS OF NUMEROUS PROSPECTIVE PURCHASERS, BECAUSE IT IS ALSO IN GEPI/ITC'S INTEREST THAT THE FACTORY BE SOLD-AND A PORTION, IF NOT THE ENTIRE WORK FORCE, PASSED TO A NEW OWNER. GEPI AND MERLONI S.P.A. OF FABRIANO HAVE FORMED A NEW COMPANY (GELA), WHICH WILL SPECIALIZE IN THE INDUSTRIAL AND DOMESTIC FREEZER SECTOR, WITH A NEW FACTORY SLATED FOR COMPLETION IN LATE 1974. THIS NEW PLANT WILL EMPLOY ONLY PART OF THE CURRENT ITC LABOR FORCE AND, UNLESS THE OLD ITALCOLD FACILITY IS SOLD, THE REMAINING WORKERS MUST BE EMPLOYED BY ITC IN THE CURRENT PLANT UNTIL GEPI'S CONTRACT EXPIRES IN 1976.

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IF A PURCHASER COULD BE FOUND, ITC WOULD BE WILLING TO RELEASE HADDAD FROM THE CONTRACT AND TURN OVER THE PLANT, EVEN ON SHORT NOTICE. HOWEVER, THE WORK FORCE, THE PRESERVATION OF WHOSE JOBS MOTIVATED GEPI'S UNECONOMIC INTERVENTION IN THE FIRST PLACE, MUST BE PROTECTED.

5. BANKRUPTCY. TRAMPOLINI ALSO DENIED, ONCE AGAIN, ANY DESIRE ON THE PART OF GEPI/ITC TO FORCE ITALCOLD INTO BANKRUPTCY, EMPHASIZING THAT ITALCOLD AND ITC ARE STILL CLOSELY LINKED IN THE MINDS OF CUSTOMERS AND SUPPLIERS, AND THUS A BANKRUPTCY WOULD DAMAGE ITC AS WELL.

6. COMMENT: GEPI/ITC POSITION AT LOCAL LEVEL, OUTLINED BY TRAMPOLINI, IS VIRTUALLY IDENTICAL WITH POSITION TAKEN BY HIS PREDECESSOR, ING. FINCATTI, DURING NUMEROUS CONVERSATIONS WITH COMMERCIAL OFFICER LAST SPRING. GEPI/ITC WILL MEET LEGAL OBLIGATIONS TO ITALCOLD AS SPECIFIED IN CONTRACT, BUT ANY "CONCESSIONS" WILL BE MADE ONLY IF IT CLEARLY IN GEPI/ITC'S INTEREST TO DO SO. UNDERLYING THIS STANCE IS SCARCELY VEILED SUSPICION THAT HADDAD ENGAGED IN PRACTICES VERGING ON FRAUD AT TIME OF INVENTORY AND SUBSEQUENTLY, AND THERE IS CLEARLY NO DESIRE HERE TO DO HADDAD ANY FAVORS.  
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